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Reserve

FACTS ABOUT THE BUTTER SITUATION

Out of every 100 pounds of the U. S. butter supply this year, 25 will be consumed by Americans — 80 by civilian consumers and 15 by the armed forces, while 5 out of every 100 pounds will be sent to the Russian army, chiefly for use in hospitals.

Butter production usually hits a low point in November and then increases gradually, reaching a peak in May or June. Although the entire production of butter in the winter months will be available for civilian use exclusively, civilian supplies of butter are expected to be at least as "tight" for the remaining months of this year as they were during the same period in 1943.

More People Buy More: Consumers want to know why they can't buy as much butter as they are willing to pay for; why they can't buy even as much as before the war and why supplies currently are becoming shorter. Among one of the reasons "why" is that the demand for butter has risen so greatly that even our peacetime production would be insufficient to supply consumers with as much as they are willing to buy. Ceiling prices which stabilize the cost, a consumer subsidy of 5 cents a pound and increased incomes have expanded normal demand. In other words — more people are anxious to buy more butter today than ever before.

Butter Production Smaller: In the first seven months of 1944, output of creamery butter was about 131 million pounds smaller than for the first seven months of 1943, despite the fact that milk production this year will be about 15 billion pounds greater than before the war. July production was the lowest in 22 years and preliminary reports indicate that production in August and September also will be smaller than during the corresponding months in 1943. Increased milk production has not been accompanied by increased butter production. Milk production hit a peak of slightly more than 119 billion pounds in 1942, compared with a pre-war production of about 103 billion pounds. In 1943, total milk output declined slightly -- to a level of a little more than 118 billion pounds. It is expected to hit about the same level in 1944 as it did in 1943, in other words, about 15 billion pounds more than before the war. The increase in milk production has gone into expanded sales of fluid milk, and into increased production of such products as cheese, evaporated milk and milk powder.

Civilians Drink More Milk: Civilians are now drinking between 20 and 25 percent more milk than they drank before the war. This is desirable from a nutritional standpoint. It would be necessary to cut back fluid milk sales in order to increase the supply of butter and other dairy products available for civilians. Compared with the pre-war years of 1935-1939, the quantity of milk used in fluid milk and cream this year will be about 10.5 billion pounds greater. All of this increase goes to U. S. civilians except the fluid milk consumed by military personnel stationed in this country.

Other Dairy Products: Condensed and evaporated milk manufacture this year will take almost 3 billion pounds more milk than before the war; use of milk in cheese will be up more than 3.3 billion pounds; in whole milk powder more than 1.2 billion pounds and in ice cream, another 1.2 billion pounds. All this adds up to more than a 19 billion pound increase in the use of milk in these products and as fluid milk, or about 4 billion pounds more than the estimated total increase in milk production this year compared with the pre-war, 1935-1939 average. The difference has been made up by using milk which once went into other dairy products such as butter. In other words, despite the increase in total milk production, there is less milk available for butter manufacture now than before the war.

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Why This Milk Diversion? — As far as farmers are concerned, fluid milk for bottling has always represented the most profitable use of milk. Condenseries, cheese factories, ice cream makers and whole milk powder manufacturers also could always afford to pay more for milk than manufacturers of butter. The reason for this is that cheese plants, condenseries and ice cream companies use all the milk a farmer delivers, whereas butter makers use just the butterfat in milk, unless they have facilities for drying the remaining skim milk or have other outlets for it. The quantity of cheese, evaporated milk and whole milk powder and non-fat dry milk solids which manufacturers of these products can sell is many times greater than before the war, since these foods are in great demand by the U. S. armed forces and by our Allies. U. S. military forces have asked for about 75 percent more evaporated milk than in 1943; they have substantially more than doubled their requirements for whole milk powder and they have requested increased quantities of cheese. Our Allies also need more cheese and evaporated milk and would like more whole milk powder, too, but we don't have more to spare.

Why "Tight" Butter Situation? — For the first seven months of 1944, the Government bought considerably less butter than during the same period last year. It did not enter the butter market until April, whereas in 1943, it began its set-aside program in February. Production was down about 131 million pounds during the first 7 months of 1944, but supplies, in general were adequate to meet the rationed demand. With creamery butter production expected to be at least 15 million pounds lower during August and September this year over 1943, and the set-aside percentage the same, supplies for civilians were bound to become shorter. Since there is a time lag of two weeks or more between the time butter is produced and the time it is on the market, this situation was not felt in most sections of the country until the first of September. Some coastal areas -- those farthest from the major Midwest butter-producing areas -- felt it earlier.

Steps to Maintain Supply: To help maintain and if possible improve civilian butter supplies, the War Food Administration has taken a number of important steps. It has aided and encouraged farmers to produce as much milk as possible, and it has sought to check some of the diversion of milk from butter by limiting the quantity of milk which can be used in various dairy products. Ice cream manufacturers, for example, have been permitted to use each month only 65 percent as much butterfat and skim milk solids in the manufacture of ice cream as they used in the corresponding month of a base period (December 1941-November 1942). Whipping cream has been eliminated "for the duration" -- the maximum butterfat content of cream is now 19 percent which cuts down on richness. Volume has also been reduced by limiting the quantity of butterfat which can be sold in cream in all metropolitan areas to 75 percent of the quantity sold in June, 1943. Manufacture of cheese other than Cheddar has been restricted to the quantity produced in 1942. Manufacture of dried milk products has been regulated so as to divert a larger proportion of this milk into products needed for war export, such as high quality whole milk powder. Fluid milk sales are held in check at approximately the levels of June 1943 so that this outlet will not absorb any more of the total production of milk than it has already.

Steps To Even Supply: Butter is produced seasonally. Production is high in the spring and summer when milk production is high and low in the fall and winter, when milk production is low. Instead of buying just enough butter each month to meet that month's needs the Government, in an effort to keep month-to-month supplies for civilians as even as possible, concentrates its butter purchases in the spring and summer months. It buys enough butter in 6 months to meet requirements for 12. In October 1943, WFA suspended its set-aside program (through which Gov't. agencies obtain butter to meet war requirements) until April 1, 1944. This year, WFA again announced that the set-aside program would be suspended beginning Oct. 1 until next spring when production will be seasonally higher if procurement were not thus adjusted to production, civilian supplies would be fairly high in the summer, but very low in the winter months.